

**ROUTING SLIP**

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI	X			
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC		X		
10	GC				
11	IG				
12	Compt				
13	D/OCA				
14	D/PAO				
15	D/PERS				
16	D/Ex Staff				
17	D/SOVA/DI		X		
18	NIO/ECON		X		
19	D/OGI/DI		X		
20	D/EURA/DI		X		
21	ER				
22					

SUSPENSE      COB 31 Oct '88  
Date

Remarks

O/DDI is expediting this request for response by day's end via ES.

ER 88-4055X

STAT

Executive Secretary

31 Oct '88

Date

**3637** (10-81)

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20508

October 26, 1988

MEMORANDUM FOR MR. MELVYN LEVITSKY  
Executive Secretary  
Department of State

MS. JENNIFER SOUR  
Acting Executive Secretary  
Department of the Treasury

COL. GEORGE P. COLE, JR.  
Executive Secretary  
Department of Defense

MR. DONALD A. DANNER  
Chief of Staff  
Department of Commerce

MR. L. WAYNE ARNY  
Associate Director for National  
Security and International Affairs  
Office of Management and Budget

[Redacted]  
Executive Secretary  
Director of Central Intelligence

STAT

SUBJECT: Western Lending to the Soviet Bloc

Attached is a paper on Western lending to Soviet Bloc countries (Tab A) prepared by a Treasury-chaired interagency working group under NSC auspices. The paper is intended to provide members of the Administration, the Congress, and the public with a sound, unclassified analytical base to guide discussion of this issue.

I would appreciate your comments on the paper by COB, Monday, October 31, 1988.

*Robert M. Pentz*  
An Paul Schott Stevens  
Executive Secretary

Attachment  
Tab A

Paper on Western Lending to the Soviet Bloc



A

r

**Report of the Special Interagency Task Force  
on Western Lending to the Soviet Bloc,  
Vietnam, Libya, Cuba and Nicaragua**

**Introduction**

The Task Force, established under the auspices of the National Security Council (NSC) and comprised of representatives of the NSC, Departments of State, Treasury, Commerce, and Defense, the Economic Policy Council (EPC) and the Central Intelligence Agency (CIA), has a mandate to review and evaluate data for Western lending to Soviet Bloc countries, Vietnam, Libya, Cuba and Nicaragua.

Members of Congress have raised a number of concerns and have called for the phasing out of untied (general purpose) lending by Western institutions to the Soviet Bloc and certain other countries. A concern is that untied, hard currency lending by Western allied sources adds to the Western defense burden by effectively funding the defense build-up of the Soviet Bloc and certain other countries.

The report focuses on bank lending. The attached unclassified Tables (1-4) provide data on the size and sources of gross and net Western bank claims on the Soviet Bloc (Bulgaria, Czechoslovakia, German Democratic Republic (GDR), Hungary, Poland, Romania, USSR), Cuba, Vietnam, Libya and Nicaragua. The bank claims data comprise the principal categories of untied debt, including syndicated bank loans, bank-to-bank loans, deposits, and drawings under revolving underwriting facilities and note issuance facilities. Bank claims also include tied debt, i.e., government-guaranteed and other trade-related bank claims. Untied loans also comprise bonds and private borrowing from non-bank entities. While funds are raised by the Bloc through the bond market, bonds are not a financing vehicle used by Cuba, Vietnam, Libya or Nicaragua.

The report also examines borrowing by the Soviet Union and the terms on which Soviet Bloc countries are able to obtain credit.

**Summary and Conclusions**

- In recent years the debt of the Soviet Union and its Eastern European allies has risen in nominal (unadjusted) terms. However, when looked at in real terms the increase in debt is much less.
- Most of the increase in claims by the West has been due to the dollar's substantial depreciation against other major currencies since 1985, and not new lending. This depreciation has increased Soviet Bloc debt when expressed in dollars.

- A more accurate picture of the level of Soviet Bloc debt should take into account exchange rate changes, as well as Soviet Bloc redeposits in Western banks which have, to a large extent, offset new borrowing.
- Soviet Bloc gross debt to Western banks and other lenders at constant exchange rates increased by only 14 percent or \$13 billion during the period between end-1981 and end-1986. Net debt (gross debt less deposits) adjusted for exchange rate changes had actually fallen (Table 5).
- The Bank for International Settlements (BIS) estimates that gross borrowing by the Soviet Union from BIS-reporting banks (adjusted for exchange rate changes) has been \$8.4 billion in the period 1985-1987 (Q3) compared to \$14.6 billion on an unadjusted basis. Net repayments in 1987 to official creditors and for officially guaranteed non-bank credits were \$2.9 billion, according to BIS/OECD estimates.
- Each of the countries discussed in this report differs substantially in terms of debt levels, borrowing potential, and debt servicing capabilities.
- Poland, for example, is an extremely weak credit and is, therefore, generally unable to obtain new financing. The Soviet Union's external financial position appears adequate and is likely to remain so during the foreseeable future, in the absence of severe external shocks and/or unexpected sharp changes in Soviet policy.
- Eighty-five percent of the claims of banks reported to the BIS on the Soviet Bloc are on four countries. Eighty-eight percent of the increase in such claims since 1983 is accounted for by the USSR, Hungary and the GDR (Table 2).
- New borrowing by the Soviet Union in 1988 has been largely tied. In contrast, borrowing from 1983 through 1987 had been largely untied (general purpose) borrowing.
- Historically, the Soviet Union has maintained a close relationship with certain Western commercial banks, many of which feel comfortable in assessing the creditworthiness of the Soviet Union. Western banks' positive assessment of the Soviet Union stems in part from that country's gold reserves, currently valued at over \$30 billion.
- There is no clear parallel between the growth of exposure to the Soviet Bloc and the origins of the Latin American debt situation.
- The Soviet Union has recently negotiated several lines of credit from Western sources. These credit lines, amounting to as much as \$5-6 billion, appear to be tied to Soviet purchases of Western equipment and consumer goods. It is not possible to

determine whether and/or to what extent these credit lines will be utilized and over what period of time. We have no evidence of Western government involvement that violates the OECD arrangement on export credits.

- The U.S. Government will continue to monitor and review Western lending to the Soviet Union and Soviet Bloc countries and will continue to consult with our allies on this issue.

## Discussion

### Tied and Untied Lending

After examination of published information, we note that Western lending to Soviet Bloc countries has been concentrated among a few borrowers. Western banks' outstanding claims on four countries (USSR, GDR, Hungary and Poland) account for the preponderance of bank claims on the Soviet Bloc reported to the BIS (86 percent at end-1987 per Table 1, BIS semiannual consolidated data series and 85 percent at end-March 1988, per Table 2, BIS quarterly series). Since 1983, the increase in bank claims has been concentrated (88 percent) among three of the four -- the USSR, GDR and Hungary (Table 2). The effect of changes in foreign currency exchange rates vis-a-vis the U.S. dollar has overstated (or understated) the actual amount of new borrowing undertaken in non-dollar currencies reflected in the unadjusted data for bank claims outstanding, expressed in dollars.

The Organization for Economic Cooperation and Development (OECD) estimates that at constant exchange rates, gross debt of the Soviet Bloc to Western lenders increased by only 14 percent or \$13 billion during the period between end-1981 and end-1986. Net debt (gross debt less deposits) adjusted for exchange rate changes actually declined (Table 5).

Western bank claims (unadjusted) on the USSR, the principal borrower among the Bloc countries, increased \$14.6 billion in the 1985-1987 (Q3) period. After adjustment for exchange rate changes, the Bank for International Settlements (BIS) estimates gross borrowing by the USSR from BIS-reporting banks was \$8.4 billion (Table 4). Historically, the Soviet Union has maintained a close relationship with certain Western commercial bank lenders, which have lent funds or arranged large syndications on a fairly consistent basis. These banks appear to be comfortable in assessing the USSR's creditworthiness in part, perhaps, because of Soviet gold reserves of over 70 million ounces, currently valued at over \$30 billion, and because of the banks' perception of the Soviet Union's historic caution against borrowing more than can be serviced.

Although complete country-by-country lender data are not available, lending by commercial banks from the Summit seven countries accounts for roughly 70 to 75 percent of loans to Soviet Bloc countries (the percentage would be even higher if

FRG-GDR lending were included). Swiss commercial bank claims add another 4-5 percent to the overall total. The largest lenders ranked by size of outstanding bank claims are the FRG, followed by Japan (whose rate of growth in lending has been the highest in 1986 and 1987), France, the U.K., Italy, Switzerland, the U.S. and -- based on estimates -- Canada (there are no published data available for Canada). Table 1 shows the details that are publicly available from individual lender countries, in nominal terms.

Net repayments in 1987 to official creditors and for officially-guaranteed non-bank credits were \$2.9 billion according to BIS/OECD estimates (Table 6). According to several sources, increased reliance on non-official borrowing prior to 1988 had reflected (1) the USSR's desire to avoid borrowing at the high OECD-consensus rate for official and officially-guaranteed credits and (2) the private market's more positive evaluation of the Soviet Union and certain other Soviet Bloc countries as credit risks. The resulting increased claims not guaranteed by official export agencies may diminish commercial bank willingness in the future to take on new credits at thin margins.

Publicized borrowings by the Soviet Union in 1988 to date have been largely officially-guaranteed, export-related borrowings, as shown in the following data compiled by the International Financing Review (IFR): £50 million (ECGD-backed), Midland Bank; £193 million (ECGD-backed), Morgan Grenfell; £50 million (ECGD-backed), Morgan Grenfell; \$50 million, Abu Dhabi Commercial Bank and Abu Dhabi Investment Co.; \$150 million, Credit Lyonnais; Dkr 193 million (Buyer credit) Privatbanken; £11 million (ECGD-backed) National Westminster Bank and Moscow Narodny. In addition, a consortium of West German banks recently concluded a DM3 billion line of credit to finance the modernization of USSR consumer goods and food industries; German firms are expected to receive the major share of the orders. Mediocredito Centrale also signed a \$700 million line of credit with the Soviets to finance exports of Italian consumer goods and equipment to the Soviet Union.

Generally speaking, however, the Soviet Union's borrowing from banks until 1988 had been largely untied, meaning that it is not directly linked to the purchase of projects, goods or services. There are no precise estimates of the extent of untied bank claims for the Soviet Union or other countries but information describing publicized loans to the Soviet Union is the basis for a CIA tabulation updated by Treasury (Table 7). The tabulation indicates that the percentage of untied loans has been declining since 1985 and in 1988, through May, shows a preponderance of tied loans. No similar tabulation has been done for the other Bloc countries.

Another partial indicator of the extent of untied bank claims on the Soviet Union and other Bloc countries can be derived from the BIS/OECD statistics of external indebtedness. Officially-

guaranteed external bank claims at the end of 1987 were 14 percent of total bank claims on the Soviet Union as shown in the attached Table 8. The largely untied residual figure (86 percent) for bank claims also includes suppliers' credits or other trade-related credits that are not subject to official insurance or guarantees and thus overstates the extent to which bank claims are untied. (Similarly, the non-bank credits' included in the Table exclude trade-related credits not officially insured or guaranteed and understates the amount of tied lending to Soviet Bloc countries by nonbanks.)

### Securities Market

According to the OECD, recent Soviet Bloc bond offerings have been undertaken by Hungary--about \$600 million in 1987--and the Soviet Union, which entered the bond markets this year with a 100 million Swiss Franc offering and a DM500 million issue in West Germany. With the exception of Czechoslovakia, the other countries have not been active participants in the foreign or international bond markets in recent years.

U.S. law effectively prohibits an issue of securities by the Soviet Union in the United States. The Johnson Debt Default Act of 1934 (the "Act") provides penalties for anyone in the United States who makes an untied loan to or purchases or sells the obligations of a foreign government that is in default on its obligations to the United States Government. The penalties also apply to lending by banks in the United States.

### Johnson Act Exceptions

There are important exceptions to the Johnson Act. The Attorney General has ruled in several opinions that banking activities associated with trade financing and export transactions are permissible under the Act. Banks can thus deal with, for example, the Soviet Union, in normal export credits, lines of bank credit (including letters of credit and bankers' acceptances), barter arrangements, and drafts, checks and other ordinary aids to banking and credit. Also pursuant to an opinion of the Attorney General, the Act does not apply to foreign branches or subsidiaries of U.S. banks.

In addition, the Act does not apply to members of the International Monetary Fund (IMF) and the World Bank. When Poland joined the IMF and World Bank, it was no longer subject to Johnson Act restrictions. The Act currently applies to the Soviet Union, the GDR and Czechoslovakia.

The Act is inapplicable to Federal corporations such as the Export-Import Bank of the United States (Eximbank) and the Commodity Credit Corporation (CCC), and persons or corporations participating in any transactions engaged in by the Eximbank or the CCC.



### Borrowing Terms

Terms on commercial loans to the Soviet Bloc reflect the judgment of competing banks regarding the creditworthiness of the borrowers. Large syndicated Euromarket loans have economies of scale that are reflected in the rates charged. Rates charged to Soviet Bloc borrowers have sometimes been lower than rates received by certain individual LDC borrowers and certain domestic borrowers in the United States. The OECD indicates an average margin of 24 basis points over LIBOR for syndicated credits to the Soviet Bloc in 1987, compared to 69 basis points for LDCs and 34 basis points for the OECD area.

The slightly higher average spreads charged to all OECD borrowers in 1986 and 1987 (Table 9) in part reflect the fact that there is considerable diversity among the wide range of sovereign and commercial borrowers from the OECD countries. Thus, the average spread on bank loans to OECD countries reflects loans made at higher cost to less attractive OECD borrowers as well as at fine spreads to top quality borrowers.

Average spreads on bank loans to the Soviet Bloc have declined from 118 basis points in 1983 to 24 basis points in 1987. The explanation for the rapid decline in spreads charged to Soviet Bloc (and some other) borrowers reflects several factors. These include the perception of relatively greater creditworthiness vis-a-vis Latin American sovereign borrowers, who largely withdrew from the voluntary syndicated bank market from 1983 onwards. In addition, many prime corporate borrowers in the OECD area moved away from syndicated loans, transferring borrowing to the international bond markets or issuing their own commercial paper (syndicated loans accounted for 55 percent of total borrowing on international capital markets in 1982, but fell to 14 percent in 1986 and 23 percent in 1987). In general, there was a relative lack of attractive international demand for syndicated bank loans. Borrowers deemed to be creditworthy could demand fine terms from commercial bank lenders.

A comparison of only interest rates or interest rate spreads can be misleading because they do not capture all the costs of borrowing. A comparison of all-in costs, including fees, is not possible, but it is believed that such a comparison would show Soviet Bloc borrowing terms to be somewhat less favorable than is indicated by interest rate spreads.

Recent commentary in the financial press and by the OECD suggests that the relatively attractive terms that Soviet Bloc countries have enjoyed could harden in reaction to bankers' expectations of rising debt and in some cases unfavorable economic developments. For example, the 1988 \$150 million syndicated bank credit to the Soviet Union had a 3/16 (19 basis points) margin over LIBOR, which would compare to margins charged of just 1/8 (13 basis points) on other Soviet and Czechoslovak borrowings in 1987.

There is no subsidization of commercial bank lending or direct government lending for non-agricultural or non-military goods and services by Western governments except as agreed under the OECD's Export Credit Arrangement for official credits and guarantees.

### Officially Supported Export Credits

The OECD Export Credit Arrangement (the "Arrangement") establishes terms and conditions under which participating countries provide official support for national exports. These guidelines apply to non-agricultural, non-military exports with a repayment term exceeding two years.

Under the Arrangement, borrowing countries are classified into three categories according to per capita GNP. Category I is made up of industrialized countries, Category II is the middle-income countries, and Category III is the lower-income countries. For standard export credits, only Category III credits entail a significant degree of subsidization. A repayment term of up to 10 years is permissible. Nicaragua and Vietnam are Category III countries.

Category II minimum interest rates are generally quite close to market rates, i.e., 105 to 155 basis points over long-term government bond yields. However, when market rates are rising there could be some subsidy in Category II rates since adjustments to the Arrangement rates will always lag market developments. The maximum repayment term is 8.5 years, with 10 years permitted under certain circumstances. Bulgaria, Hungary, Poland, Romania and Cuba are Category II countries. Category I rates have been at or above market rates in most currencies.

Effective July 15, 1988, however, there is no subsidization permitted in any currency for Category I countries. Official direct lending in support of exports will be at proxies for market rates--Commercial Interest Reference Rates (CIRRS), or guarantees of commercial loans only. The maximum repayment term is 5 years without prior notification to competitor OECD governments, and up to 8.5 years with prior notification. Czechoslovakia, the GDR, the USSR and Libya are Category I countries.

The attached Table 10 summarizes the current minimum interest rates and maximum repayment terms for Soviet Bloc countries permitted under the Arrangement as of July 15, 1988. Minimum interest rates are adjusted in July and January if there is sufficient change in the long-term government bond yields of the SDR basket countries.

On average, 11 percent of outstanding export credits supported by participants in the Arrangement are to Council for Mutual Economic Assistance (CMEA) countries. This percentage varies considerably by country, with the U.S. having a relatively

low percentage due to restrictions on Eximbank lending to many Soviet Bloc countries. Czechoslovakia, the GDR and the USSR receive the major share of Category I credits exceeding 5 years extended by OECD countries. (The Eximbank is legislatively prohibited from financing exports to Bulgaria, Czechoslovakia, the GDR, the USSR, Romania, Cuba, Libya, Nicaragua, and Vietnam.)

The Arrangement also establishes rules for the use of tied aid -- or concessional -- export credits. In March 1987 an agreement was reached that significantly increased the cost of tied aid credits, making such credits very expensive to use for trade promotion. As of July 15, 1988, a country using tied aid credits for trade promotion would effectively have to give away about 35 percent of the value of the export. A review of recent tied aid credit notifications suggests that generally Soviet Bloc countries do not receive such credits.

### Contrast with Latin American Debt

There is no clear parallel between the growth of exposure to the Soviet Bloc and the origins of the Latin American debt situation. Depending upon the country concerned, U.S. banks held between 30 and 40 percent of the commercial bank claims in Latin America; in some of the countries, hundreds of U.S. banks were involved. The current situation in terms of lending to the Soviet Bloc is quite different with regards to the macroeconomic setting, the economic situation of individual countries, the heightened awareness of individual banks to the risks of sovereign lending, increasing regulatory constraints, and the different magnitudes involved.

U.S. bank claims against the Soviet Bloc have been reduced steadily over the past few years. U.S. banks' share of BIS claims on the Soviet Bloc is about two percent of the total, and only a relatively few U.S. banks are involved. The bulk of lending has come from Western Europe -- particularly Germany and France -- and Japan. Apart from the fact that U.S. bank claims on the Soviet Bloc are quite small, total gross Bloc indebtedness to banks is only about as large as the global bank debt of Mexico or Brazil and much lower than that of Latin America in the aggregate.

Finally, net BIS bank exposure to the entire Soviet Bloc is only roughly \$50 billion, a third of which is on the USSR, whose external financial situation is satisfactory. (Institutional Investor magazine in its annual country creditworthiness survey, ranks the USSR 22nd out of 109 countries. This puts it just after New Zealand, but ahead of countries such as Saudi Arabia and Kuwait in the survey.) Where there are credit concerns, BIS banks have either stopped lending altogether (Poland, Cuba), or have shown increasing resistance (Hungary). In one case--Romania--a policy of debt reduction by the country itself is being aggressively pursued.

## Outlook

Looking ahead, published commentary summarized in the International Financing Review (IFR) (July 9) suggests future Soviet financing needs in the range of \$20 to \$40 billion over the medium term. The Brookings Institution estimates that "given the Soviets' hard currency debt levels they have the capacity to borrow up to \$15 billion between now and 1990 if they want to" (Institutional Investor, May, 1988). An American Sovietologist quoted in the IFR (July 9, 1988) estimates that USSR external borrowings in the aggregate over the next five years is likely to be \$7.5 billion, in line with Soviet borrowing over the last few years.

Bank of America, Vienna, also predicts that given the outlook for additional borrowing, spreads on lending to the Soviets could increase. It estimates an increase to "as much as 50 basis points above LIBOR -- a doubling of current levels" (IFR, July 9, 1988).

A limited number of U.S. banks have been involved in lending to the Soviet Bloc. It is unlikely that a large number of U.S. banks would become involved because of the relatively low spreads and potential political criticism.

This report represents an assessment of the trends in the Soviet Bloc's borrowing and indebtedness. While the situation varies considerably among individual countries, and the future holds many uncertainties for each country, the Soviet Union is expected to remain the most active borrower in absolute terms among Bloc countries, and the best credit risk. Recent reports of the Soviet Union arranging lines of credit indicate continued interest in Western financing for trade purposes. However, it is impossible to determine whether and/or to what extent these credit lines will be utilized, and over what period of time.

The U.S. Government will continue to monitor and review Western lending to the Soviet Bloc and will continue to consult with Western allies on this issue.

## Outstanding Bank Claims on Soviet Bloc Countries, Albania, Cuba, Vietnam, Libya and Nicaragua

\$ millions

	Albania	Bulgaria	Czech.	G.D.R.	Hungary	Poland	Romania	U.S.S.R.	Total (1)	Cuba	Vietnam	Libya	Nicaragua
<b>1980</b>													
BIS Banks (2)	2	2,876	3,545	9,928	8,002	16,173	5,776	13,438	59,741	1,834	510	606	721
U.S. Banks	—	425	170	1,154	907	2,085	329	482	5,552	—	—	236	450
U.K. Banks	—	471	426	1,739	825	2,146	844	2,516	8,967	208	38	N.A.	67
Swiss Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	3,082	N.A.	N.A.	N.A.	N.A.
French Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
German Banks (3)	N.A.	475	130	N.A.	1,168	3,002	574	2,264	7,615	N.A.	55	31	N.A.
Italian Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Japanese Banks (4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>1981</b>													
BIS Banks (2)	—	2,371	3,319	10,729	7,714	15,228	5,067	16,278	60,706	1,572	432	1,075	792
U.S. Banks	17	245	213	983	1,115	1,962	378	478	5,391	—	—	136	423
U.K. Banks	—	355	426	1,643	864	2,070	854	2,542	8,754	185	23	N.A.	90
Swiss Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	2,814	N.A.	N.A.	N.A.	N.A.
French Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
German Banks (3)	N.A.	404	120	N.A.	851	3,046	410	1,925	6,756	N.A.	38	33	N.A.
Italian Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Japanese Banks (4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>1982</b>													
BIS Banks (2)	—	2,067	2,848	8,859	6,757	13,910	4,243	14,596	53,280	869	376	1,004	814
U.S. Banks	—	192	171	633	937	1,513	282	229	3,957	—	—	93	404
U.K. Banks	—	324	367	1,498	802	1,749	851	2,297	7,888	178	—	N.A.	94
Swiss Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	2,317	N.A.	N.A.	N.A.	N.A.
French Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
German Banks (3)	N.A.	373	132	N.A.	659	2,858	356	1,759	6,137	N.A.	36	18	N.A.
Italian Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Japanese Banks (4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>1983</b>													
BIS Banks (2)	—	1,716	2,748	8,448	7,001	10,934	3,857	15,582	50,286	1,023	311	965	643
U.S. Banks	—	127	157	485	904	1,067	211	154	3,105	—	—	22	322
U.K. Banks	—	283	303	1,272	746	1,471	719	2,344	7,138	161	—	N.A.	100
Swiss Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1,914	N.A.	N.A.	N.A.	N.A.
French Banks (5)	N.A.	N.A.	N.A.	1,581	N.A.	1,905	N.A.	4,253	11,405	N.A.	N.A.	N.A.	N.A.
German Banks (3)	N.A.	350	180	N.A.	602	2,077	278	2,222	5,708	N.A.	31	16	N.A.
Italian Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Japanese Banks (4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	4,988	N.A.	N.A.	N.A.	N.A.
<b>1984</b>													
BIS Banks (2)	3	1,530	2,390	8,434	6,763	8,687	3,074	15,787	46,668	1,027	293	925	633
U.S. Banks	—	100	157	372	765	693	202	143	2,432	—	—	40	225
U.K. Banks	—	208	283	957	812	1,146	609	2,336	6,351	126	—	N.A.	108
Swiss Banks	1	127	106	264	171	333	110	207	1,319	75	—	22	14
French Banks	N.A.	N.A.	N.A.	1,439	N.A.	1,616	N.A.	4,702	9,477	N.A.	N.A.	N.A.	N.A.
German Banks (3)	N.A.	423	450	1,249	1,099	2,310	334	3,207	9,072	N.A.	26	17	N.A.
Italian Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Japanese Banks (4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	5,093	N.A.	N.A.	N.A.	N.A.

(2)

	Albania	Bulgaria	Czech.	G.D.R.	Hungary	Poland	Romania	U.S.S.R.	Total	Cuba	Vietnam	Libya	Nicaragua
<b>1985</b>													
BIS Banks (2)	82	2,960	2,654	10,259	8,640	9,854	3,022	22,022	59,661	1,607	395	926	523
U.S. Banks	—	114	107	310	606	550	159	114	1,960	—	—	56	91
U.K. Banks	—	434	299	928	661	1,136	611	3,247	7,316	155	—	N.A.	98
Swiss Banks (6)	7	219	166	272	248	402	111	678	2,103	110	2	28	82
French Banks	N.A.	N.A.	N.A.	1,759	N.A.	1,746	N.A.	5,184	10,858	N.A.	N.A.	N.A.	N.A.
German Banks (3)	N.A.	646	571	1,797	1,376	3,084	381	3,864	11,718	N.A.	37	502	N.A.
Italian Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Japanese Banks (4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	7,868	N.A.	N.A.	N.A.	N.A.
<b>Sep. 1986</b>													
Japanese Banks (6)	N.A.	592	413	2,223	2,738	664	165	3,473	10,299*	180	140	8	17
<b>1986</b>													
BIS Banks (2)	19	4,127	3,120	12,249	9,954	10,733	2,805	28,685	71,757	2,572	439	698	503
U.S. Banks	—	112	62	282	346	469	140	95	1,506	—	—	13	66
U.K. Banks	—	457	26	936	589	1,119	558	3,346	7,031	187	—	N.A.	88
Swiss Banks (7)	1	357	180	401	242	464	117	1,149	2,911	153	2	16	91
French Banks	N.A.	N.A.	N.A.	1,782	N.A.	1,673	821	6,057	11,820	N.A.	N.A.	N.A.	N.A.
German Banks (3)	N.A.	1,010	807	2,403	1,633	3,747	407	4,938	14,946	N.A.	56	620	N.A.
Italian Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Japanese Banks (4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	12,049	N.A.	N.A.	N.A.	N.A.
<b>Jun. 1987</b>													
BIS Banks (2)	13	4,631r	3,648	12,988	11,073	10,856	2,488	29,076	75,028r	2,433	440	509	471
U.S. Banks	—	88	45	253	345	425	113	234	1,503	—	—	11	57
U.K. Banks	—	469	308	863	589	1,148	505	3,206	7,088	187	—	N.A.	84
Swiss Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
French Banks	N.A.	N.A.	N.A.	2,015	N.A.	1,753	N.A.	6,158	12,317	N.A.	N.A.	N.A.	N.A.
German Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Italian Banks (8)	N.A.	197	121	794	378	1,178	152	N.A.	5,673	N.A.	N.A.	N.A.	N.A.
Japanese Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Sep. 1987</b>													
Japanese Banks (6)	N.A.	1,132	565	2,912	3,391	674	81	4,609	13,367*	192	170	N.A.	16
<b>1987</b>													
BIS Banks (2)	62	5,254	4,227	14,961	12,442	11,909	2,426	32,206	83,542	2,717	525	554	461
U.S. Banks	—	88	41	148	380	386	117	164	1,324	—	—	10	43
U.K. Banks	—	411	319	981	602	1,276	502	3,117	7,208	226	—	N.A.	83
Swiss Banks (9)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
French Banks (9)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
German Banks (3)	N.A.	1,340	1,017	2,678	2,592	4,340	391	5,421	17,779	N.A.	67	979	N.A.
Italian Banks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Japanese Banks (4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	15,382	N.A.	N.A.	N.A.	N.A.

(3)

N.A. not available. r revised.

- (1) The BIS presentation of data for Eastern Europe includes data for Albania in the total. Albania is not a member of the Soviet Bloc.
- (2) BIS reporting countries not included separately in the table are: Austria, Belgium-Luxembourg, Denmark, Finland, Ireland, Netherlands, Norway, Spain, Sweden, Canada, Bahamas, Bahrain, Cayman Islands, Hong Kong, Netherland Antilles and Singapore.
- (3) FRG transactions with GDR are considered to be "inner German" transactions and are excluded except for loans from foreign subsidiaries of German banks.
- (4) Data cover medium and long-term loans only and include Euroyen loans.
- (5) Figure for total includes Bulgaria, Czechoslovakia, Hungary, and Romania from 1983 to 1985 and in 1987. In 1986, it excludes Romania.
- (6) Figures represent official data, which was leaked and not officially published.
- (7) Data for 1985 and 1986 are not strictly comparable with that of earlier years.
- (8) Figure for total includes Albania and the U.S.S.R.
- (9) Comparable data for the year 1987 not yet available.
  - \* Excludes Yugoslavia.

Note: U.K., Swiss, French, Italian and U.S. data are on a consolidated basis, including overseas offices. Data for Germany are unconsolidated, but are aggregated for banks in Germany, foreign branches and foreign subsidiaries of German banks.

Note: End of year exchange rates used by Treasury to convert French, German, Japanese and Italian currencies into dollars.

Note: Data on Canadian lending to the Eastern Bloc and other specified countries are not published, nor made available to the public.

SOURCES: Country Exposure Lending Survey; BIS - Maturity Distribution of International Bank Lending; Bank of England's "Quarterly Bulletin"; Swiss National Bank; Bank of France; Bank of Italy's "Economic Bulletin"; Japanese Ministry of Finance published data; Japan Bond Research Institute in Country Risk Publication; Deutsche Bundesbank; Statistical Supplements to Monthly Reports, Series 3 (Balance of Payments statistics).

IMB  
7/21/88

Position of Disarmament on Soviet Bloc Countries and Albania

\$ million

	Dec. 1983	1984 change	Dec. 1984	1985 change	Dec. 1985	1986 change	Dec. 1986	1987r change	Dec. 1987r	Mar. 1988
<b>Albania</b>										
Assets	2	(1)	1	6	7	35	42	41	83	113
Liabilities	52	(22)	30	(14)	16	(1)	15	85	100	119
Net Position	(50)	21	(29)	20	(9)	36	27	(44)	(17)	(6)
<b>Bulgaria</b>										
Assets	1,757	(180)	1,577	1,299	2,876	1,211	4,087	1,272	5,359	5,891
Liabilities	1,166	262	1,428	663	2,091	(710)	1,381	(295)	1,086	909
Net Position	591	(442)	149	636	785	1,921	2,706	1,567	4,273	4,982
<b>Czechoslovakia</b>										
Assets	2,727	(315)	2,412	258	2,670	458	3,128	1,107	4,235	4,342
Liabilities	936	67	1,003	8	1,011	206	1,217	381	1,598	1,657
Net Position	1,791	(382)	1,409	250	1,659	252	1,911	726	2,637	2,685
<b>G.D.R.</b>										
Assets	8,388	(80)	8,308	1,941	10,249	1,325	11,574	2,501	14,075	14,737
Liabilities	3,389	1,145	4,534	1,993	6,527	928	7,455	1,538	8,993	9,474
Net Position	4,999	(1,225)	3,774	(52)	3,722	397	4,119	963	5,082	5,263
<b>Hungary</b>										
Assets	7,103	(217)	6,886	1,844	8,730	1,265	9,995	2,374	12,369	12,038
Liabilities	1,308	225	1,533	744	2,277	(136)	2,141	(626)	1,515	1,260
Net Position	5,795	(442)	5,353	1,100	6,453	1,401	7,854	3,000	10,854	10,778
<b>Poland</b>										
Assets	11,281	(2,359)	8,922	1,262	10,184	862	11,046	1,137	12,183	11,668
Liabilities	1,244	303	1,547	48	1,595	126	1,721	1,273	2,994	2,987
Net Position	10,037	(2,662)	7,375	1,214	8,589	736	9,325	(136)	9,189	8,681
<b>Romania</b>										
Assets	3,917	(731)	3,186	(146)	3,040	(149)	2,891	(349)	2,542	1,975
Liabilities	511	130	641	(272)	369	270	639	748	1,387	761
Net Position	3,406	(861)	2,545	126	2,671	(419)	2,252	(1,097)	1,155	1,214
<b>Soviet Union</b>										
Assets	16,222	418	16,640	6,086	22,726	6,353	29,079	4,268	33,347	34,076
Liabilities	10,924	417	11,341	1,721	13,062	1,780	14,842	(708)	14,134	14,210
Net Position	5,298	1	5,299	4,365	9,664	4,573	14,237	4,976	19,213	19,866
<b>Total</b>										
Assets	51,972	(3,767)	48,205	12,534	60,739	11,365	72,104	12,372	84,476	85,115
Liabilities	19,730	2,398	22,128	4,909	27,037	2,441	29,478	2,473	31,951	31,486
Net Position	32,242	(6,165)	26,077	7,625	33,702	8,924	42,626	9,899	52,525	53,629

Note: There were breaks in series from 1983 to 1987, however, this table is constructed to indicate the largest universe of lenders to the Eastern Bloc countries. The above figures are not adjusted for exchange rate changes.

SOURCE: EIB-International Banking and Financial Market Developments (first quarter 1986, first quarter 1987, fourth quarter 1987 and first quarter 1988).

IMB  
9/16/88



## External Position of BIS-Area Banks on Selected Countries

	\$ million									
	Dec. 1983	1984 change	Dec. 1984	1985 change	Dec. 1985	1986 change	Dec. 1986	1987r change	Dec. 1987r	Mar. 1988
<b>Cuba</b>										
Assets	1,215	(83)	1,132	477	1,609	498	2,107	414	2,521	2,417
Liabilities	112	(12)	100	128	228	(112)	116	83	199	185
Net Position	1,103	(71)	1,032	349	1,381	610	1,991	331	2,322	2,232
<b>Vietnam</b>										
Assets	307	(24)	283	108	391	51	442	81	523	531
Liabilities	59	(19)	40	5	45	69	114	(12)	102	87
Net Position	248	(5)	243	103	346	(18)	328	93	421	444
<b>Libya</b>										
Assets	1,390	(148)	1,242	(67)	1,175	(283)	892	(180)	712	579
Liabilities	4,085	(596)	3,489	2,526	6,015	122	6,137	745	6,882	6,190
Net Position	(2,695)	448	(2,247)	(2,593)	(4,840)	(405)	(5,245)	(925)	(6,170)	(5,611)
<b>Nicaragua</b>										
Assets	663	(109)	554	229	783	(219)	564	(66)	498	486
Liabilities	182	(53)	129	355	484	(423)	61	(32)	29	39
Net Position	481	(56)	425	(126)	299	204	503	(34)	468	447

Note: There were breaks in series from 1983 to 1987, however, this table is constructed to indicate the largest universe of lenders to the selected countries above. These figures are not adjusted for exchange rate changes.

SOURCE: BIS-International Banking and Financial Market Developments (first quarter 1986, first quarter 1987, fourth quarter 1987 and first quarter 1988.

IMB  
9/16/88

Table 3

**The Evolution of Reporting Banks' Claims vis-a-vis Eastern Europe, 1982-87**

\$ billions

	Bulgaria	Czech.	G.D.R.*	Hungary	Poland	Romania	U.S.S.R.	Total (1)
<b>In current dollars</b>								
1982-84	-0.7	-1.1	-2.4	-1.2	-6.7	-2.0	-0.5	-15.5
1985-87 (2)	3.1	1.3	4.2	3.9	2.2	-0.8	14.6	28.3
<b>In constant dollars (3)</b>								
1982-84	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.3	-5.8
1985-87 (2)	1.8	0.4	1.7	1.4	-1.3	-1.6	8.4	10.9
<b>Currency composition:</b>								
1985-87 (4)								
US dollar	2.0	0.2	1.4	-0.1	0.1	-0.6	4.5	7.5
Deutsche Mark	0.3	0.2	0.4	0.9	-0.2	-0.4	1.0	2.2
Swiss franc	-0.6	---	-0.1	-0.3	-0.3	-0.5	0.1	-1.7
Japanese yen	0.1	---	---	1.0	---	---	0.8	1.9
Others	---	---	---	-0.1	-0.9	-0.1	2.0	1.0
<b>Total</b>	<b>1.8</b>	<b>0.4</b>	<b>1.7</b>	<b>1.4</b>	<b>-1.3</b>	<b>-1.6</b>	<b>8.4</b>	<b>10.9</b>

\* Excludes positions of banks located in the Federal Republic of Germany vis-a-vis the German Democratic Republic.

(1) Includes Albania and residual items.

(2) To end-September 1987 only

(3) Changes at constant end-of-quarter exchange rates.

(4) To end-September 1987 at constant end-of-quarter exchanges rates.

n.a. not available --- indicates zero

SOURCE: BIS-International Banking Developments, 3rd quarter 1987

IMB  
7/21/88

Table 4

**EAST EUROPEAN DEBT IN A CONSTANT CURRENCY**  
(millions of dollars)

-----  
**REAL DEBT**

	1981	1982	1983	1984	1985	1986
Bulgaria	3162	3130	2808	2739	3856	4912
Czechoslovakia	4598	4254	4084	3841	3786	3969
GDR	15423	13787	13796	13775	14346	15215
Hungary	8699	8352	9120	10236	12084	14065
Poland	25468	25900	29240	30980	30117	30643
Romania	10159	9856	9370	8218	7069	6199
Total Six	67509	65278	68418	69790	71260	73804
USSR	26534	28227	27081	28041	30531	32134
Total Seven	94043	93505	95499	97831	101791	107139

-----

-----  
**NET REAL DEBT (1)**

	1981	1982	1983	1984	1985	1986
Bulgaria	2352	2113	1514	1138	1723	3848
Czechoslovakia	3528	3449	3018	2613	2672	2781
GDR	13273	11756	10124	8611	7800	8508
Hungary	7799	7559	7676	8515	9928	12004
Poland	24708	24877	27849	29195	28459	28024
Romania	9859	9535	8818	7514	6680	5699
Total Six	61519	59289	58999	57587	57263	57724
USSR	18084	17606	14748	14016	15586	16005
Total Seven	79603	76895	73746	71602	72849	73729

-----

1. Gross debt less deposits in BIS-area banks.

-----  
Source: OECD

Table 6

**Changes in Bank and Trade-related Non-bank Claims**  
**Under Official Programs, 1987**  
**Adjusted for Exchange Rate Movements**

\$ millions

	— External bank claims — of which: trade-related (1)			Non-bank trade- related credits (2)	Total bank and non-bank trade-related claims (b+d)
	Total (a)	related (b)	Residual (c)	(d)	
Albania	35	—	35	(1)	(1)
Bulgaria	670	(59)	729	(56)	(115)
Czechoslovakia	631	(41)	672	(52)	(93)
G.D.R. (3)	996	(425)	1,421	(248)	(673)
Hungary	742	(52)	794	(101)	(153)
Poland	(593)	(278)	(315)	2,153	1,875
Romania	(671)	(50)	(621)	(352)	(402)
Soviet Union (4)	654	(1,382)	2,036	(2,897)	(4,279)
Total	2,464	(2,287)	4,751	(1,554)	(3,841)
Cuba	(55)	(41)	(14)	164	123
Vietnam	(8)	19	(27)	(7)	12
Libya	(200)	57	(257)	(496)	(439)
Nicaragua	(89)	—	(89)	26	26

- (1) Trade-related bank claims under official insurance or guarantee.  
 (2) Credits under official insurance or guarantee, or extended directly to the foreign buyer by the official sector of the exporting country.  
 (3) Figures exclude claims of the Federal Republic of Germany throughout.  
 (4) Banking claims shown include, for most reporting countries, claims on the two Comecon banks—the International Bank for Economic Cooperation, a multilateral clearing bank for transferable rouble trade between Comecon countries, and the International Investment Bank, which invests in medium-term development projects in Comecon countries.

**SOURCE: BIS/OECD-Statistics on External Indebtedness:  
 Bank and Trade-related Non-bank External Claims  
 on Individual Borrowing Countries and Territories**

**IMB  
 9/15/88**

## USSR: Syndicated Loans\*

\$ millions

	1980	1981	1982	1983	1984	1985	1986	Jan- June 1987	Treasury update Jul- Dec. 1987	Jan- May 1988
	----	----	----	----	----	----	----	----	----	----
<b>TOTAL</b>	---	1,047.1	2,381.0	263.1	801.4	1,763.7	2,212.6	1,257.1	330.2	814.2
<b>Untied</b>	---	---	679.1	222.6	708.8	1,443.3	1,596.7	1,015.4	220.0	150.0
<b>Tied</b>	---	1,047.1	1,701.9	40.5	92.6	320.4	615.9	241.7	110.2	664.2

## Percentage Share

	1980	1981	1982	1983	1984	1985	1986	1987	1987	1988
	---	---	---	---	---	---	---	---	---	---
<b>TOTAL</b>	---	100	100	100	100	100	100	100	100	100
<b>Untied</b>	---	0	29	85	88	82	72	72	67	18
<b>Tied</b>	---	100	71	15	12	18	28	28	33	82

\*\*\*\*\*  
 \* Does not include syndicated loans to the CEMA international banks  
 or Soviet-owned banks in the West.

Note: Table prepared by CIA, updated by Department of Treasury.

SOURCE: Euromoney

IMB  
7/18/88

**Bank and Trade-related Non-bank Claims Under  
Official Programs, December 1987**

\$ millions

	— External bank claims — of which:			Non-bank trade- related credits (2)	Total bank and non-bank trade-related claims (b+d)
	Total (a)	trade- related (1) (b)	Residual (c)	(d)	
Albania	83	—	83	3	3
Bulgaria	5,369	494	4,875	859	1,353
Czechoslovakia	4,241	522	3,719	877	1,399
G.D.R. (3)	14,141	1,205	12,936	1,973	3,178
Hungary	12,370	282	12,088	410	692
Poland	12,201	1,133	11,068	10,797	11,930
Romania	2,562	455	2,107	623	1,078
Soviet Union (4)	33,436	4,650	28,786	6,765	11,415
Total	84,403	8,741	75,662	22,307	31,048
Cuba	2,541	397	2,144	756	1,153
Vietnam	528	56	472	196	252
Libya	712	57	655	1,091	1,148
Nicaragua	505	38	467	182	220

- (1) Trade-related bank claims under official insurance or guarantee.  
 (2) Credits under official insurance or guarantee, or extended directly to the foreign buyer by the official sector of the exporting country.  
 (3) Figures exclude claims of the Federal Republic of Germany throughout.  
 (4) Banking claims shown include, for most reporting countries, claims on the two Comecon banks—the International Bank for Economic Cooperation, a multilateral clearing bank for transferable rouble trade between Comecon countries, and the International Investment Bank, which invests in medium-term development projects in Comecon countries.

SOURCE: BIS/OECD-Statistics on External Indebtedness:  
 Bank and Trade-related Non-bank External Claims  
 on Individual Borrowing Countries and Territories

IMB  
 9/13/88

	(basis points)							
	1981	1982	1983	1984	1985	1986	1987	1988 (1)
OECD area	58	56	65	55	46	36	34	27
Eastern Europe	62	103	118	88	55	26	24	—
OPEC	79	94	85	76	80	46	72	72
Other LDCs	104	114	170	144	99	67	69	54
General Average	80	77	115	93	63	40	44	30
Memorandum item:								
Excluding "managed" loans								
— Other LDCs	104	114	76	69	66	67	42	54
— General average	80	77	73	63	49	40	36	30

(1) January-March.

N.B. Weighted average of spreads applied to loans of \$30 million and over, with a maturity of more than three years completed or signed during the period. Tax-sparing loans as well as facilities classified under "other international bank credits" are excluded.

	AVERAGE MATURITY OF RECORDED EURO-CREDITS							
	(Years/months)							
	1981	1982	1983	1984	1985	1986	1987	1988 (1)
OECD countries	7/8	8/3	7/8	7/4	7/5	6/3	6/2	4/7
Eastern Europe	5/7	4/9	4/5	5/11	7/5	7/9	8/1	—
Oil-exporters	7/9	6/0	7/2	7/7	7/2	7/9	10/2	9/8
Other LDCs	7/9	7/0	7/0	8/11	8/11	8/4	10/11	8/2
Total	7/8	7/7	7/3	7/9	7/9	7/1	7/7	5/1
Memorandum item:								
Excluding "managed" loans								
— Other LDCs	N.A.	N.A.	N.A.	8/1	8/2	8/4	9/1	8/2
— Total	N.A.	N.A.	N.A.	7/5	7/7	7/1	7/4	5/1

(1) January-March.

N.A. not available.

**OECD Arrangement  
Minimum Interest Rates  
and  
Maximum Repayment Terms  
Effective July 15, 1988**

<u>Country</u>	<u>Interest Rate</u>		<u>Repayment Term</u>
	<u>2-5 yrs.</u>	<u>over 5 yrs.</u>	
Albania	9.15	9.65	10 yr.
Bulgaria	9.15	9.65	8.5 yr.
Czechoslovakia		market*	**
GDR		market*	**
Hungary	9.15	9.65	8.5 yr.
Poland	9.15	9.65	8.5 yr.
Romania	9.15	9.65	8.5 yr.
USSR		market*	**
Cuba	9.15	9.65	10 yr.
Libya		market*	**
Nicaragua	8.3	8.3	10 yr.
Viet Nam	8.3	8.3	10 yr.

\* direct loans at proxies for market rates (CIRRS) or guarantees of commercial loans

\*\* up to 5 years without notification; up to 8.5 years with prior notification

ITF/OASIA/7-14-88